

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7862**

**BILL NUMBER:** HB 1888

**DATE PREPARED:** Feb 16, 2001

**BILL AMENDED:**

**SUBJECT:** Income Tax Exemption for Public Safety Survivors.

**FISCAL ANALYST:** Brian Tabor

**PHONE NUMBER:** 233-9456

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that special death benefits and survivor's benefits paid to the surviving spouse of a police officer, firefighter, or correctional officer who dies in the line of duty are deducted from Adjusted Gross Income (AGI) for purposes of determining State AGI Tax.

**Effective Date:** January 1, 2002.

**Explanation of State Expenditures:** The Department of State Revenue (DOR) will incur some administrative expenses related to the revision of tax forms, instructions, and computer programs to incorporate this exemption. These expenses could be absorbed given the DOR's existing budget and resources.

**Explanation of State Revenues:** This bill would exempt from state taxable income certain benefit payments to surviving spouses of police officers, firefighters, and correctional officers who die in the line of duty. The number of taxpayers affected by this proposal is difficult to determine and would vary from year to year. *However, based on information from the Public Employees' Retirement Fund and McCready & Keene, Inc., exempting these payments is expected to have a minimal fiscal impact on state revenue collections.* This note will be updated if more detailed information is received.

As this bill is effective January 1, 2002, the annual fiscal impact will begin in FY 2003. Individual AGI Tax revenue is deposited in the General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Some counties imposing local option income taxes could experience a minimal reduction in their revenue from these taxes.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:** Counties with local option income taxes.

**Information Sources:** Doug Todd, McCready & Keene, Inc., (317) 576-1508; Tom Parker, Public Employees' Retirement Fund, (317) 233-4162.